



2001 UNINCORPORATED BUSINESS FRANCHISE TAX BOOKLET

D-30

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If you need to file any of the following:

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FR-1000 Arena Fee Return

Call **(202) 727-4829** for information

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TAX PARITY ACT OF 1999

The Tax Parity Act of 1999 is a five-year tax reduction and simplification plan, which will affect most individuals and businesses in the District of Columbia. Some of the changes are in effect and others will be phased in over the five-year period. **The changes, which may affect your taxes in the District of Columbia include the following:**

Franchise Tax

1. Effective for net operating losses incurred after December 31, 1999, the following will apply:
 - a. No carryback will be allowed.
 - b. The carryforward provisions will remain the same as in current law.
 - c. Net operating losses will be computed based on District of Columbia apportioned losses.
2. Effective for fiscal years beginning on or after January 1, 2003, the franchise tax rate for corporate and unincorporated businesses will be reduced to 9%.
3. Effective for fiscal years beginning on or after January 1, 2004, the franchise tax rate for corporate and unincorporated businesses will be reduced to 8.5%.

Real Property Tax

Class 2 (multi-family residential) tax rates are reduced from \$1.34 per \$100 of value to \$1.15 per \$100 of value for FY 2001 and will be further reduced to \$0.96 per \$100 of value for FY 2002.

Class 4 (commercial) and Class 5 (vacant) tax rates are reduced from \$2.05 per \$100 of value to \$1.95 per \$100 of value for FY 2001 and will be further reduced to \$1.85 per \$100 of value for FY 2002.

TAX CLARITY ACT OF 2000

New provisions regarding interest and penalties are covered in the instructions in this booklet under the heading of **Interest and Penalties**.

Sales and Use Tax changes are covered in the pamphlet FR-379, General Information – Sales and Use Tax.

The provision allowing taxpayers to enter cents on the amount lines of the D.C. tax forms has been repealed. Therefore, only whole dollar amounts are to be entered on D.C. tax forms.

NEW E-CONOMY TRANSFORMATION ACT OF 2000

Under this Act, effective January 1, 2001, certain tax benefits are available to Qualified High Technology Companies. These benefits are described in the D-30 instructions.

UNINCORPORATED BUSINESS FRANCHISE TAX RETURN INSTRUCTIONS

IMPORTANT

- The unincorporated business franchise tax rate is 9.975%.
- The due dates for filing Form D-30 are April 15th for calendar year filers, and the fifteenth day of the fourth month following the close of the taxable year for fiscal year filers. If the due date falls on a Saturday, Sunday, or legal national holiday, the return is due the next business day.
- Under the Tax Clarity Act of 2000, taxpayers must only enter whole dollar amounts on the tax forms and schedules. Do not enter cents. Cents of 50 and above should be rounded to the next higher dollar amount.
- Please make sure that your correct tax year, with beginning and ending dates, is entered in the space provided on the form.
- The Federal Employer Identification number (or the Social Security Number, if self-employed with no employees) should be entered in the space provided at the top of page 1 of your return.
- An unincorporated business that expects its D.C. unincorporated business franchise tax liability for the year 2001 to exceed \$1,000 must file a quarterly declaration of estimated franchise tax, Form D-30ES. A penalty will be imposed if your required annual payment for estimated tax is not at least the lower of 90% of the tax shown on the current year's return or 100% of the tax shown on the prior year's return.
- An unincorporated trade or business with gross receipts of \$12,000 or less must file a Form D-30 for information purposes in order to avoid inquiries regarding potential tax liability. You need only state on the front of Form D-30 that your gross income was \$12,000 or less. Be sure to enter your Federal ID number or SSN if self-employed with no employees.
- An unincorporated business with gross income of \$12,000 or less and operated by –
 - a partnership must file a Form D-65;
 - a D.C. resident sole proprietor must file a Form D-40;
 - a D.C. resident trust must file a Form D-41.
- Refund Offset – If you owe other District of Columbia tax liabilities, all or part of any overpayment may be used (offset) to pay past due amounts.
- There is a penalty for the late filing of a return, and a penalty for late payment of tax. See item G of the General Instructions.
- Complete all items in Form D-30. Do not use phrasing such as “see attached schedule” in lieu of reporting amounts. The return will be sent back to you if it is incomplete. (However, you may provide additional information by attaching a statement.)
- If you are filing an amended return on this form please check the amended return box on the D-30 and enter the tax year being amended in the Taxable Year Ending box. (See item K. in these instructions for additional information.)
- Tax Fraud Hotline. Report fraudulent tax activity by calling 1- 800-380-3495.
- Copies of all D.C. forms and publications mentioned in this booklet may be obtained by calling 202-442-6546.

NEW TAX CREDIT – QUALIFIED HIGH TECHNOLOGY COMPANIES

Under recently enacted legislation (New E-conomy Transformation Act of 2000), effective January 1, 2001, unincorporated businesses may claim certain tax benefits if they are qualified.

Qualified unincorporated businesses are exempt from the D.C. franchise tax. They may also be eligible to claim the refundable tax credit for costs incurred in retraining qualified disadvantaged employees.

A Qualified High Technology Company (QHTC) is one which –

- a) Is an individual or entity organized for profit;
- b) Maintains an office, headquarters, or base of operations in the District of Columbia;
- c) Has 2 or more employees in D.C.;
- d) Receives at least 51% of its gross revenue from District sources which revenue is derived from one or more of certain “permitted” activities (D.C. Code 47-1817.1(5)(A)(iii);
- e) Does not receive 51% or more of its gross revenue from operating a retail store or electronic equipment facility in the District;
- f) Is appropriately registered as a business in the District; and
- g) Is current in all District of Columbia tax filing requirements and payment obligations.

Permitted Activities

These activities include:

- Internet-related services and sales including website design, maintenance, hosting, or operation;
- Internet-related training, consulting, advertising, or promotion services; the development, rental, lease, or sale of Internet-related applications, connectivity, or digital content; or products and services that may be considered e-commerce;
- Information and communication technologies, equipment and systems that involve advanced computer software and hardware, data processing, visualization technologies, or human interface technologies, whether deployed on the Internet or other electronic or digital media;
- Advanced materials and processing technologies that involve the development, modification, or improvement of one or more materials or methods to produce devices and structures with improved performance characteristics or special functional attributes, or to activate, speed up, or otherwise alter chemical, biochemical, or medical processes;
- Engineering, production, biotechnology and defense technologies that involve knowledge-based control systems and architectures; advanced fabrication and design processes, equipment, and tools; or propulsion, navigation, guidance, nautical, aeronautical and astronautical ground and airborne systems, instruments, and equipment; and
- Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content.

For detailed information on these credits, refunds of sales and personal property tax and for copies of the relevant forms please obtain a copy of the pamphlet FR-399 Qualified High Technology Companies Tax Benefits. It may be ordered by calling 202-442-6546. It may also be obtained from the Customer Service Center, first floor, 941 North Capitol St., N.E., Washington, D.C.

GENERAL INSTRUCTIONS

A. UNINCORPORATED BUSINESSES REQUIRED TO FILE A FRANCHISE TAX RETURN

An unincorporated trade or business engaging in or carrying on any trade, business or commercial activity within the District of Columbia, or receiving in-

come from District sources, must file an unincorporated business franchise tax return, Form D-30, if its gross income for the taxable year was in excess of \$12,000 (whether or not it has net income) and if it is not exempt from filing, see item B below.

Any unincorporated business with gross income of **more than \$12,000** from the leasing of real or personal property in the District, whether the property is leased directly by the unincorporated business or through an agent, and whether the unincorporated business or agent performs any services in connection with the property, is required to file an unincorporated business franchise tax return.

“**Gross income**” for purposes of determining the need to file a return includes revenues from all District sources before the deduction of cost of goods sold, expenses and other deductions allowable in determining net income.

For franchise tax purposes, an unincorporated trade or business is treated as an entity, comparable to a corporation, whether it is conducted by one or more individuals, residents or nonresidents, a trust, estate, partnership, society, association, executor, administrator, receiver, trustee, liquidator, conservator, committee, assignee, concurrent owners of property, or by any other individual or group of individuals doing business as an entity.

A limited liability company is classified as a partnership unless classified otherwise for federal income tax purposes, in which case the limited liability company is treated for D.C. tax purposes in the same manner as it is for federal income tax purposes.

Whether an unincorporated business is carrying on or engaging in a trade or business within the District is determined by the nature and extent of the activities conducted by its owners or members or through employees, agents or other representatives. However, the words “trade or business” do not include sales of tangible personal property by an unincorporated business if the business does not have or does not maintain an office, warehouse, or other place of business in the District, or does not have goods in the District in a warehouse or on consignment (or under similar agreement); and does not have an agent or other representative with an office or other place of business in the District. The words “agent or representative” do not include an independent broker engaged in regularly soliciting orders in the District for more than one principal and who holds himself/herself out as such.

An unincorporated business is required to file a return, whether or not it has an office or other place of business in the District, **if** it derives income from work done or services performed within the District, or from any type of business activity in the District, including sales of tangible personal property, or if it receives income from District sources (as explained later in the Specific Instructions).

In this regard, income from sales of tangible personal property to the United States Government is considered to be income from a District source unless:

- (1) the principal place of business of the unincorporated business is located outside the District;
- (2) the property is delivered from places outside the District; and
- (3) the property is for use outside the District.

B. UNINCORPORATED BUSINESSES NOT REQUIRED TO FILE A FRANCHISE TAX RETURN

The following are not required to file an unincorporated business franchise tax return:

1. Unincorporated businesses that have been recognized as exempt from D.C. franchise taxes. However, they are subject to the corporation franchise tax (Form D-20) on unrelated business income as

defined in section 512 of the Internal Revenue Code. The minimum corporation franchise tax payment of \$100 is also required of tax-exempt organizations which report gross income received from any unrelated trade or business source.

Whether or not a district tax exempt organization files a Form 990-T Unrelated Business Tax return with the IRS, a copy of their Form 990, 990PF or 990EZ is required to be filed with OTR, P.O. Box 556, Washington, DC 20044 to maintain district tax exempt status.

2. A trade, business or professional organization, which by law, custom or ethics cannot be incorporated. To be exempted because custom or ethics prohibit incorporation, it must be established that the prohibition has acquired the force of law;
 3. A trade or business engaged in by a blind person licensed by D.C. for the operation of a stand in a federal building pursuant to D.C. Code § 47-1808.1(4);
 4. A professional corporation incorporated under the D.C. Professional Corporation Act which for the years beginning after 12/31/84 must file a D.C. Corporation Franchise Tax Return (Form D-20); or
 5. A trade, business or professional organization for which: (a) more than 80% of its gross income is derived from personal services actually rendered by the individual or members of the entity; and (b) capital is not a material income-producing factor. The requirements of both (a) and (b) must be met for purposes of this exemption. Thus, if capital is a material income-producing factor, the exemption is not allowable.
- In determining whether the entity meets the 80% requirement, the activities of employees and agents of the entity are presumed to have produced gross income for the business in an amount at least equal to the gross amount paid to such employees and agents. Accordingly, if the amounts paid to such persons exceeded 20% of the entity’s gross income; it would not be considered exempt.
- If an individual or group of individuals is engaged, during the taxable year, in two or more separate and distinct businesses, each business shall be considered separately for purposes of determining exempt status.
6. A Qualified High Technology Company that is not a corporation is exempt from the unincorporated business franchise tax.

C. MULTIPLE BUSINESSES MUST FILE ONE RETURN

If an individual, or group of individuals, carries on two or more distinct businesses, none of which is exempt, the income and deductions of all the businesses must be included in a single return. However, separate computations may be submitted with the return to show the net income or loss of each business.

D. RATE AND MEASURE OF THE TAX

The amount of the unincorporated business franchise tax due and payable is determined by applying the effective rate to the total taxable income. Total taxable income is the sum of (a) the portion of the total net income of a trade or business that is attributable to business done in the District of Columbia and (b) other net income from District sources. The minimum tax payable is \$100. See the Specific Instructions for guidance in determining total taxable income.

E. WHEN AND WHERE TO FILE THE RETURN AND PAY THE TAX

The unincorporated business franchise tax return together with full pay

ment of taxes due must be submitted on or before the fifteenth day of the fourth month following the close of the calendar year or other taxable year whichever is applicable. If the due date falls on a Saturday, Sunday or legal holiday, the return is due the following business day. Mail the return and payment to the Office of Tax and Revenue, Ben Franklin Station, P.O. Box 610, Washington, D.C., 20044-0610. Make the check or money order payable to the D.C. Treasurer. Write your Federal Employer Identification number (or Social Security Number if self-employed), D-30, and the tax year on the payment.

F. EXTENSION OF TIME TO FILE

An extension of time to file a return may be requested by filing District of Columbia Form FR-128 (a copy of which is provided in this booklet) on or before the due date of the return. Copies of a federal request for an extension of time to file are not acceptable.

G. INTEREST AND PENALTIES

Interest of .0355921 percent per day (13% annual rate) will be assessed on any tax remaining unpaid after the due date of the franchise tax return (without regard to an extension). The interest is computed daily from the due date of the return to the date when the tax is paid.

A late payment penalty, computed at 5 percent per month or fraction of a month (limited to a 25 percent maximum), will be assessed on any unpaid franchise tax.

In addition, a penalty equal to 20 percent of that portion of an underpayment due to negligence, due to a substantial understatement of franchise tax liability or due to a valuation misstatement may be added to the franchise tax due.

Negligence means a failure to make a reasonable attempt to comply with the tax provisions or the failure to exercise ordinary and reasonable care in the preparation of a tax return without intent to defraud.

A substantial understatement of franchise tax liability occurs when the amount of the understatement exceeds the greater of 10 percent of the tax required to be shown on the return for the taxable year or \$4,000.

A valuation misstatement penalty may be applied only if there is an understatement of tax liability greater than \$5,000 that is attributable to a valuation misstatement. A valuation misstatement subject to a penalty may be either a substantial or gross misstatement.

A valuation misstatement is substantial if the amount determined to be the correct valuation is 200 percent or more than the amount reported on the return. The penalty for this type of misstatement is equal to 20 percent of the underpayment attributable to the misstatement.

A valuation misstatement is gross if the amount determined to be the correct valuation is 400 percent or more than the amount reported on the return. The penalty for this type of misstatement is equal to 40 percent of the underpayment attributable to the misstatement.

Paid Tax Preparer Penalty provisions enacted in Public Law 10-115 (D.C. Code § 47-163) provide for a paid tax return preparer penalty when tax liability is understated. Penalties are assessed whenever a paid tax preparer prepares a return or a claim for refund based on an unrealistic position; where the applicable law or regulation should have been known by the preparer; where relevant facts for the position are not adequately disclosed or where the preparer fails to sign a return or claim for refund. Penalties range from \$50 to \$10,000.

Charge for Dishonored Checks. You will be charged \$50 if your check in payment of any obligation due the District of Columbia is not honored

by your bank.

H. FRAUD PENALTY:

If the portion of an underpayment of tax is attributable to fraud, a penalty equal to 75 percent of that portion will be added to the tax due.

If the Office of Tax and Revenue establishes that a portion of an underpayment is attributable to fraud, a presumption is created that the entire underpayment is attributable to fraud. The taxpayer has the burden to establish that it is not attributable.

I. INTEREST ON OVERPAYMENTS OF FRANCHISE TAX

Taxpayers eligible for refunds will receive interest (6% per year) on overpayments computed at a daily rate beginning with the 181st day after the due date of the return, the date the return is filed or the date of the Office of Tax and Revenue adjustment (whichever is the later) and continuing until the date of refund.

J. SIGNATURE AND VERIFICATION

The return must be signed by an owner or member or by an officer of the unincorporated business who is authorized to sign. A receiver, trustee, or assignee must sign any return that he/she is required to file on behalf of the unincorporated business. Any person, firm or corporation who prepared the return for compensation must also sign the return and provide the required identification numbers. If a firm or corporation prepares the return, it should be signed in the name of the firm or corporation. This verification is not required if a regular, full-time employee of the taxpayer prepares the return.

K. FEDERAL ADJUSTMENTS AND AMENDMENTS

The law requires that if the Internal Revenue Service made any adjustments to your federal income tax return or if you file an amended return with the IRS, you must submit within 90 days thereafter, separately from your current D.C. unincorporated business franchise tax return, an amended D.C. franchise tax return. If such an adjustment results in a D.C. tax refund, you have 180 days in which to file for the refund. **NOTE:** Form D-2030X, previously used to amend Form D-30 is obsolete and should not be used. Form D-30 has been revised to include an "Amended Return" box in the upper right corner of the form.

To file an amended return, you must use Form D-30 and check the "Amended Return" box. Also, you must complete the "Taxable Year Ending" box for the tax year being amended.

When submitting an amended return include a detailed statement of the adjustment(s), be sure to include your business name and address, special mailing address if applicable, your Federal Employer Identification Number (or Social Security Number if self-employed with no employees) and the tax period involved. A "COPY" of the originally filed Form D-30 should be attached to the detailed statement.

Mail the detailed statement and the amended return with accompanying documents to the Government of the District of Columbia, Office of Tax and Revenue, P.O. Box 610, Washington, D.C. 20044-0610.

SPECIFIC INSTRUCTIONS

Every unincorporated business required to file a return must complete all schedules and must furnish the information required to be reported on the unincorporated business franchise tax return, Form D-30, in accordance with these Specific Instructions.

Allocations and Apportionment Required. Any unincorporated business carrying on its trade or business both within and outside the District of Columbia must subject all of its business income to apportionment and thus allocate to within or outside the District those items of income which are clearly determined to be non-business income as provided in the Specific Instructions.

DEFINITIONS

(Definition of terms used in these instructions unless otherwise stated)

1. "Business income" means income arising from transactions and activities occurring in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Income of any type, such as manufacturing income, compensation for services, sales income, interest, dividends, rents, royalties, gains, operating and non-operating income from any class or from any source is business income if it arises from transactions and activities occurring in the regular course of a trade or business. The critical factor in determining whether income is business or non-business is the identification of the underlying transactions and activities that are elements of a particular trade or business. In general, all transactions and activities of the taxpayer that depend upon or contribute to the operation of the taxpayer's economic enterprise as a whole constitute the taxpayer's trade or business. These are transactions and activities arising in the regular course of business and constituting integral parts of the trade or business.
2. "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.
3. "Compensation" means wages, salaries, commissions and any other form of remuneration paid or accrued to employees for personal services.
4. "Non-business income" means all income other than business income.
5. "Gross income" means gross revenue from all District sources before the deduction of cost of goods, expenses and other deductions allowable in the determination of net income.
6. "Transportation company" means any person engaged in the transportation of persons or goods or property of others for hire.
7. "Sales" means all gross receipts of the taxpayer, including any dividends, interest and royalties considered to be business income, which are not required to be allocated.
8. For purposes of the allocation and apportionment of income, "taxable in another state" means that a taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax in that other state.

INCOME

(The following numbers correspond to line numbers on page 1, Form D-30)

1. **GROSS RECEIPTS:** Enter the total gross receipts from sales and operations, less returns and allowances.
2. **COST OF GOODS SOLD:** Enter the figure shown on Line 8 of Schedule A, page 3. If the production, manufacture, purchase, or sale of merchandise is an income-determining factor in the trade or business, inventories of merchandise on hand should be taken at the beginning and end of the taxable year, and may be valued at cost, or at cost or market value, whichever is lower, or by such other method as is being used by the business, with the consent of the Commissioner of Internal Revenue (for federal income tax purposes). An inventory method once adopted is to be used until permission to change has been obtained from the D.C. Office of Tax

and Revenue. If the inventories do not agree with the balance sheet figures, attach a statement explaining the difference.

COST OF OPERATIONS (where inventories are not an income-determining factor): If the amount entered on Line 2 includes an amount applicable to the cost of operations, attach a statement showing: (1) salaries and wages; and (2) other costs in detail.

4. **DIVIDENDS:** Enter the taxable amount of dividends. Attach a detailed statement showing the calculation of the taxable amount. An unincorporated business is allowed a deduction for Subpart F income (as defined in Section 952 of the Internal Revenue Code).
5. **INTEREST:** Enter on a statement to be attached to the return, all interest received by or credited to the unincorporated business during the taxable year except interest on obligations of the United States, its agencies or instrumentalities or those of the District of Columbia.
6. **GROSS RENTAL INCOME:** Enter the gross amount received from the rental of real or personal property from Line 7, Column 3 of Schedule D, page 3 of the D-30. Rental income, which is related to a trade or business, is not to be entered on Line 26(a). Rental income is subject to the unincorporated business franchise tax if the gross rental income (and other related income) exceeds \$12,000 during the year.
7. **ROYALTIES:** Report royalty income and related expenses in the same manner as rental income and rental expenses. Royalties derived from patents developed by the taxpayer are considered "business income".
- 8.(a) **NET CAPITAL GAIN:** In general, any recovery of depreciation arising from the sale of an asset that may or may not cause the termination of the unincorporated business is reportable. If the sale of an asset causes termination of the unincorporated business, depreciation recapture is reported on the unincorporated business franchise tax return. Any gain in excess of the recaptured amounts is reported on the individual income tax returns of the owners or members; otherwise, capital gains or losses are treated in the same manner as they are for federal corporation income tax purposes. Detailed instructions are contained in the instructions for Schedule D, U.S. Corporation Income Tax Return (Federal Form 1120). Under Internal Revenue Code section 1231 gains are considered "business income."
 - (b) **ORDINARY GAIN (OR LOSS):** Enter the total ordinary gain or loss from federal Form 4797, (Sales of Business Property). Attach a copy of your Form 4797 to your D-30 return.
9. **OTHER INCOME:** Enter the total amount of income not reported elsewhere in the return and attach a statement explaining the details.

DEDUCTIONS

Deductions are allowed if they are ordinary and necessary and are directly related to business income as defined in these instructions. Deductions must not be taken on this return for interest, taxes, contributions and other itemized deductions normally deductible on individual income tax returns filed by owners or members of the unincorporated business.

In connection with each of the following deductions, enter the total allowed under District of Columbia law.

Enter on Line 26(b) the portion of deductions related to the income allocated within or outside the District of Columbia. Please note that expenses connected with the production of income from U.S. Treasury securities are includible in Line 26(b).

11. **SALARIES AND WAGES:** Enter the amount of those salaries and wages not deducted elsewhere on the return. Do not include compensation of the owners and members of the unincorporated business. Include on Line 26(b) any salaries, wages and other compensation

connected with the production of income not subject to the unincorporated business franchise tax, according to a ratio reflecting the percentage dedicated to taxable and nontaxable activities. Attach a statement showing this computation. Certified employees wages used to compute the credit on the EDZ1 credit worksheet in this booklet are not allowed as salary deductions.

12. **REPAIRS:** Enter the cost of incidental repairs, including labor, supplies, and other items that do not add to the value or appreciably prolong the life of the property. Expenditures for new buildings, machinery, equipment, or for permanent improvements or betterments that either increase the value or appreciably prolong the life of the property are chargeable to a capital account.
13. **BAD DEBTS:** Bad debts are to be treated in the same manner as they are for federal tax purposes and are allowed to the same extent as under the Internal Revenue Code. A copy of the pertinent schedule or form submitted with your federal return must be attached to your Form D-30.
14. **RENTAL EXPENSES RELATED TO RENTAL INCOME:** From Line 8, Column 6, Schedule D, enter the total amount of expenses related to the rental income reported on Line 6, page 1. Do not deduct elsewhere in this return the expenses relating to rental income.
15. **RENT:** Enter the amount of rent paid or accrued for business property in which the unincorporated business has no equity.
16. **TAXES:** Enter the taxes imposed on the taxpayer as reported in Schedule C of Form D-30. The following taxes are not allowable deductions and are not to be included in Schedule C:
 - (a) Income and excess profits taxes;
 - (b) Franchise taxes imposed by the unincorporated business tax law; or
 - (c) Taxes assessed against the property for local benefits of a kind tending to increase the value of the property assessed.
17. **INTEREST EXPENSE:** Enter interest paid or accrued on business indebtedness as reflected in Schedule E of Form D-30. If the unincorporated business has investments in securities or other property, the income from which is not subject to the unincorporated business franchise tax, the amount of interest expense subject to apportionment is the proportion of the total interest paid or accrued that the average value of all assets, other than the securities or other investments, bears to the average value of the total assets of the unincorporated business. Any remainder is entered on Line 26(a). For this purpose, average values are obtained by adding the beginning and ending values of assets shown on the balance sheet for the tax period and then dividing by two, or they may be computed by using the daily balance method or any other method which is of supportable validity. Attach a statement showing this computation.
18. **CONTRIBUTIONS OR GIFTS:** From Schedule B, page 3 of Form D-30, enter the amount of contributions or gifts actually made within the taxable year by the unincorporated business to or for the use of any religious, charitable, scientific, literary, military, or educational institution, no part of the net income of which inures to the benefit of any private shareholder or individual. The deduction for contributions and/or gifts may not exceed 15% of net income before making any deductions for contributions.
19. **AMORTIZATION:** Attach a copy of your federal Form 4562 (Depreciation and Amortization) detailing the amortization deduction.
20. **DEPRECIATION:** Enter the amount of depreciation reported on federal Form 4562. Do not include any amounts already deducted on Line 14, page 1 or elsewhere on the return. The depreciation allowance does not apply to inventories, stock-in-trade or land. To compute depreciation you must use the same method you used on federal Form 1120, U.S. Corporation Tax Return or federal Form 1065, U.S. Partnership Return of Income, if such method is approved by the Internal Revenue Service. Please note, District law does not contain a provision similar to the investment tax credit provided in the federal law. The basis for computing depreciation is the same basis as that used for federal income tax purposes. Attach a copy of your

Form 4562.

21. **OTHER ALLOWABLE DEDUCTIONS:** From Schedule G, page 4 of the Form D-30, enter the total amount of other allowable deductions. Include on Line 26(b) any deductions applicable to the production of income not subject to the unincorporated business franchise tax after 9/30/84.

ALLOCATION OF NON-BUSINESS INCOME

1. Allocate, as provided in paragraphs 2 through 8 below, income from: rents and royalties; real or tangible personal property; gains and profits from the sale of property; interest; dividends; rents and royalties from patents; copyrights; trademarks; service marks; secret processes and formulas; goodwill; franchises and other like property; certain sales of tangible personal property to the United States Government; and any other income from sources within the District, **to the extent that they constitute non-business income.**
2. (a) Net rents and royalties from real property located in the District are allocable to the District.
(b) Net rents and royalties from tangible personal property are allocable to the District: (1) to the extent that the property is used or located in the District; or (2) in their entirety if the taxpayer's commercial domicile is in the District and the taxpayer is not taxable in the state where the property is used.
The extent of the use of tangible personal property in the District is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days the property is physically located in the District during the rental or royalty period in the taxable year and the denominator is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the tangible personal property during the rental or royalty period is unknown or unascertainable by the taxpayer, the property is considered as used in the state in which it was located at the time the rental or royalty payer obtained possession.
3. (a) **Gains and losses from sales or other dispositions of real property** (other than realty used in the trade or business whether held for sale or otherwise) located in the District are allocable to the District.
(b) **Gains and losses from sales or other dispositions of tangible personal property** (other than tangible personal property of any kind used in the trade or business whether held for sale or otherwise) are allocable to the District if: (1) the property had a situs in the District at the time of sale; or (2) the taxpayer's commercial domicile is in the District and the taxpayer is not taxable in the state in which the property had a situs.
(c) **Gains and losses from sales or other dispositions of intangible personal property** (other than intangible personal property of any kind used in the trade or business whether held for sale or otherwise) are allocable to the District if the taxpayer's commercial domicile is in the District.
4. Interest and dividends of a non-business nature derived from sources within the District are allocable to the District unless specifically excluded from taxation and subject to apportionment as business income.
5. Rents and royalties from patents, copyrights, trademarks, service marks, secret processes and formulas, goodwill, franchises and other like property are allocable only if they are determined not to have arisen from a trade or business activity, or they are not being used in the trade or business. Such royalties shall be allocated according to where the patent is situated or used, or the copyrighted material is published or used.
6. Income from sales of tangible personal property to the United States Government by a corporation that has its principal place of business outside the District is income from District sources if the property is delivered from places outside the District for use in the District.

7. All other non-business income derived from sources within the District are allocable to the District.
8. Where income is allocable within or outside the District, all expenses, losses and other deductions incurred in the production of such income are similarly allocable. Losses incurred in any transaction entered into for the production of non-business income are allowed only to the extent that any profits from the transaction would be taxable under the law.

FORM D-30 SCHEDULES

SCHEDULE F – D.C. APPORTIONMENT FACTOR: An unincorporated business that carried on or engaged in a trade or business both within and outside the District must use the three-factor formula to apportion business income to the District. An unincorporated business domiciled in the District and not subject to tax anywhere else shall apportion 100% of its net business income to the District, as well as allocate 100% of its non-business income to the District. An unincorporated business carrying on, or engaging in, a trade or business both within and outside the District must apportion all trade or business income by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor. The denominator is the number three reduced by the number of factors, if any, having no denominator.

1. Property Factor.

(a) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property either owned by or rented to the taxpayer and used by the taxpayer in the District during the taxable year. The denominator is the average value of all the taxpayer's real and tangible personal property owned by or rented to the taxpayer and used by the taxpayer anywhere during the taxable year. Neither the numerator nor the denominator of the property factor should include property or any portion thereof, which is not used to produce business income.

(b) **In the case of transportation companies**, the numerator of the property factor, in addition to the property described in 1(a) above includes that portion of the average value of vehicles, rolling stock, aircraft, watercraft of all kinds, and other equipment used by the taxpayer during the taxable period to transport persons and property both within and outside the District as the total miles per unit of equipment traveled in the District by each class of property bears to the total miles per unit of equipment traveled everywhere by each respective class of property.

(c) Where property is used in any activities the income from which is allocable or apportionable under D.C. regulations, the taxpayer may employ, subject to the approval of the Office of Tax and Revenue, or that Office may require the use of, any method which will properly reflect the portion of the average value thereof to be used in arriving at the property factor.

(d) Property owned by the taxpayer is valued at its original cost to the taxpayer plus the cost of any additions and improvements. If the taxpayer's original cost of any property is not determinable or is zero, the property will be valued by the D.C. Office of Tax and Revenue at an amount equal to its market value at the time of its acquisition by the taxpayer. Property rented to the taxpayer is valued at eight times the net annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from a sub-rental, provided that the rental and sub-rental rates are reasonable. The term "net annual rental rate" includes amounts paid or accrued for the use or rental of the property or facilities of another whether paid as rent, reasonable compensation for use or by any other designation, and whether paid pursuant to statutory enactment, lease, or rental agreement of any kind, contract or otherwise. However, payments for leased property, which are capitalized for federal tax purposes, are not considered rent and will only be included in this factor to the extent of its capitalized value for federal tax purposes. If the D.C. Office of Tax and Revenue determines

that any net annual rental rate or sub-rental rate is unreasonable, or if a nominal or zero rate is charged, it may determine and apply a rental rate that will reasonably reflect the value of the property rented by the taxpayer.

(e) The average value of property must be determined by averaging the values at the beginning and end of the tax period that the taxpayer may use, subject to the approval of the D.C. Office of Tax and Revenue, or that Office may require, the averaging of monthly or quarterly values during the tax period if necessary to reflect properly the average value of the taxpayer's property.

2. Payroll Factor.

(a) The payroll factor is a fraction, the numerator of which is the total compensation paid or accrued by the taxpayer for persons performing services in the District during the taxable year. The denominator is the total compensation paid or accrued by the taxpayer everywhere during the taxable year, except that neither the numerator nor the denominator of the payroll factor shall include compensation paid or accrued to employees for personal services rendered in the production of non-business income. Compensation paid or accrued other than in cash shall be valued at its fair market value as of the date of payment or accrual. Payments to independent contractors are not considered in the computation of a payroll factor.

(b) **In the case of transportation companies**, the numerator of the payroll factor, in addition to other compensation described in paragraph 2(a) above, shall include that portion of the total compensation paid or accrued to employees who are employed on vehicles, rolling stock, aircraft, watercraft of all kinds, and other equipment used by the taxpayer during the taxable period to transport persons and property both within and outside the District, determined by applying to that total compensation the percentage computed under paragraph 2(a) relating to the portion of the average value of vehicles, rolling stock, aircraft, watercraft of all kinds and other equipment of transportation companies to be included in the numerator of the payroll factor.

(c) Where compensation is paid or accrued for services the income from which is allocable or apportionable under D.C. regulations, the taxpayer may employ, subject to the approval of the D.C. Office of Tax and Revenue, or that Office may require, the use of any method which will properly reflect the portion to be used in arriving at the payroll factor.

(d) Compensation is paid or accrued in the District if-

- (1) the individual's service is performed entirely within the District; or
- (2) the individual's service is performed both within and outside the District, but the service performed outside the District is incidental to the individual's service within the District; or
- (3) some of the individual's service is performed in the District and (i) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the District, or (ii) the base of operations or the place from which the service is directed or controlled is not in the District, or in any state in which some part of the service is performed but the individual's residence is in the District.

3. Sales Factor.

(a) The sales factor, except for transportation companies, is a fraction, the numerator of which is the total sales of the taxpayer in the District during the taxable year, and the denominator is the total sales of the taxpayer everywhere during the taxable year.

(b) The sales factor in the case of transportation companies is a fraction, the numerator of which is the total revenue units first received by the company as originating or connecting traffic at a point within the District plus the total revenue units discharged or unloaded by the company at a point within the District at the termination of the transportation movement or for transfer to a connecting carrier. The denominator is twice the total revenue units originated everywhere during the taxable year. One ton of freight equals one revenue unit; ten

passengers equals one revenue unit. If the company's revenue is predominantly from the transportation of passengers, the number of passengers loaded and discharged may be used in lieu of originating and terminating tonnage.

(c) Sales of tangible personal property, including sales to the United States Government, are in the District, regardless of the point of passage of title, F.O.B. point, or other conditions of such sales, if –

(1) the property is delivered or shipped to a purchaser within the District; or

(2) the ultimate destination of the property, after all transportation including transportation by the purchaser has been completed, is a point within the District; or

(3) the property is delivered or shipped from an office, store, warehouse, factory, or other place of storage in the District to a destination outside the District and the taxpayer is not taxable in the state to which the property is delivered or shipped.

(d) Except for transportation companies, sales other than sales of tangible personal property, are in the District, if –

(1) the income-producing activity or service is performed within the District; or

(2) the income-producing activity or service is performed both within and outside the District and a greater proportion of that activity or service is, based on the cost of performance, performed in the District rather than in a state.

4. General.

If use of the rules for the allocation and apportionment of income results in a tax that does not fairly represent the extent of the taxpayer's tax liability arising from either a trade or business in the District or from non-business sources within the District, the taxpayer may petition for, or the D.C. Office of Tax and Revenue may require, with respect to all or any part of the taxpayer's trade or business or non-business income, if reasonable –

(a) a separate accounting, unless the entity is conducting a unitary business; or

(b) exclusion of one or more of the factors; or

(c) inclusion of one or more additional factors which will represent fairly the extent of the taxpayer's trade or business in the District; or

(d) use of any other method to effect a fair allocation and apportionment of the taxpayer's income.

SCHEDULE H – Income not Reported (Claimed as Nontaxable)

Report all income of the unincorporated business deemed not to be subject to the unincorporated business franchise tax and furnish reasons why the income should be considered as nontaxable.

SCHEDULE I – Balance Sheet. Submit balance sheets as of the beginning and end of the taxable year. They should conform to the unincorporated business' books and records and agree with the information reported on the federal income tax return. Where required, any variation must be explained in a statement attached to the return.

SCHEDULE J – Distribution and Reconciliation of Net Income (or Loss).

Furnish all information required in this schedule as indicated in the schedule. Under the provisions of D.C. Code §47-1805.1(a), you must enter the Social Security Number of each of the owners in the space provided. The Social Security Number is necessary for the proper identification of an owner's tax account with the District and will be used only for tax administration purposes. Any additional names, social security numbers, etc. may be listed on an attachment.

SUPPLEMENTAL INFORMATION (page 5 of Form D-30): Please answer all the questions in this schedule.

UNINCORPORATED BUSINESS FRANCHISE TAX COMPUTATIONS

(The following numbers refer to line numbers on page 2, D-30)

23. NET INCOME: Enter on **Line 23** the net income, which is the difference between **Line 10** and **Line 22**.

24. Enter the amount of District net operating loss carryover from the prior year for a loss year before 2000.

25. Net Income After Net Operating Loss Deduction: If the total net income is from a trade or business carried on entirely within the District, the figure shown on line 25 should be entered on line 31. If this is the situation, do not complete lines 26 through 30.

26. Report on **Lines 26(a)** and **(b)** non-business income and related expenses. Enter the difference on **Line 26(c)** and submit a detailed statement explaining the allocation of income and expense.

27. NET INCOME FROM TRADE OR BUSINESS SUBJECT TO APPORTIONMENT: Enter on **Line 27** the net income from a trade or business, which is subject to apportionment. This figure is determined by subtracting **Line 26(c)** from **Line 25**.

28. Enter on **Line 28** the D.C. apportionment factor computed on **Line 5** of *Schedule F*.

29. Multiply the amount on **Line 27** by the D.C. apportionment factor (line 28) and enter the result on **Line 29**.

30 Enter on **Line 30** (from line 26(c)) the portion of non-business income and related expenses shown on **Lines 26(a)** and **(b)** attributable to the District.

32. SALARY FOR TAXPAYER(S) SERVICES: You may deduct a reasonable allowance for salaries or other compensation for personal services actually rendered by the owner(s) or member(s) of the business. The amount paid or accrued to an owner(s) or member(s) as a drawing account is not the measure of the deduction. The amount to be allowed as a deduction for salaries or other compensation of the owner(s) or member(s) of the business shall not, in the aggregate, exceed 30% of the net income of the unincorporated business computed without the benefit of this deduction. In determining a reasonable salary allowance, fees paid to independent management or collection entities for management services performed on behalf of the unincorporated business shall be considered as a reduction of the amount claimed as a salary allowance, computed without the benefit of the management fee deduction. The amount claimed on Line 32, of the return, shall not exceed 30% of Line 31, of the return. Show the salary distribution in *Schedule J*, Column 4 on page 5 of the Form D-30.

The portion of this allowance that is used as an offset against the total District net income shown on line 31 of page 2 of the return should be divided among the owner(s) or member(s) of the business according to their respective interests as listed in column 3 of schedule J on page 5 of the return. The total amount from column 4 is entered on line 32 of page 2 of the return.

33. EXEMPTION: An exemption of \$5,000 is allowed where the period covered by the return is a full twelve months. If the business was not operating for a full year and the figures reported in the return are for a period of less than a full year, the exemption must be prorated on a daily basis. In this case, the calculation of the ex-

emption must be furnished in a separate statement attached to the return and must reflect the date of the commencement of the business (if the business commenced after the beginning of the taxable period) and the date of termination of the business (if the business ceased operating before the close of the taxable period). The portion of this exemption used to offset the total District net income shown on **Line 31** of page 2 of the return should be divided among the owner(s) or member(s) of the business according to their respective interests (column 3, Schedule J) and listed in Column 5 of *Schedule J*, page 5, of the return. The total of Column 5 is entered on **Line 33**, page 2.

34. TOTAL TAXABLE INCOME before the apportioned Net Operating Loss deduction. Enter on **Line 34** the difference between the figure on **Line 31** and the sum of **Lines 32** and **33**.

35. APPORTIONED NOL DEDUCTION. Enter the amount of District apportioned net operating loss carry forward for loss year 2000.

36. TOTAL TAXABLE INCOME: Enter on **Line 36** the difference between the figures on **Line 34** minus the **Line 35** amount.

38. If line 38(b) includes any credit brought forward from a year prior to 2001 please attach an explanation.

39-44. Complete these lines in accordance with the instructions on the form.

ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT

The Economic Development Zone Incentives Amendment Act of 1988 (EDZI) allows a qualified business a credit against its unincorporated business franchise tax liability. (The maximum annual credit is \$7500.) A qualified business is an unincorporated business approved as qualified under Section 5 of EDZI by the D.C. Office of Economic Development. To claim the credit you **MUST** complete the worksheet below and include the necessary attachments with your return. The following credits are allowed under EDZI:

1. A qualified business is allowed a credit against the unincorporated business franchise tax in an amount equal to 50% of the wages of all certified employees who meet the requirements of Section 10(b) of EDZI.

2. A qualified business is allowed a credit against the unincorporated business franchise tax in an amount equal to 50% of the insurance premiums attributable to all employees for which it obtains employer liability insurance under the District of Columbia Workers' Compensation Act of 1979.

3. A qualified business lessor is allowed a rent credit against the unincorporated business franchise tax. The credit allowed is the differ-

ence between the rental market value of the space actually leased to a licensed nonprofit child care center and the actual rent indicated on the lease agreement as reflected in the D.C. City Council resolution approving the qualification of the business.

A nonprofit child care center is a child development center as defined in Section 10 of EDZI.

If you are claiming the EDZI credit against your franchise tax liability, you **MUST** attach to your return:

1. A copy of the D.C. City Council Resolution approving the qualification for one or more of the credits claimed;

2. A certification of eligible employees issued by the D.C. Department of Employment Services; and

3. A completed Economic Development Zone Incentives Credit worksheet.

A credit carry forward is provided for any unused credit from a previous year.

ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT WORKSHEET (MAXIMUM ANNUAL CREDIT IS \$7,500)

Column 1 - Credit Category	Column 2	Column 3	Column 4
A Certified employees wages	Total Wages \$	50% of Wages Col. 2 X .50 =	\$
B Certified (eligible employees) workers' compensation liability insurance premiums	Total Premiums \$	50% of Premiums Col. 2 X .50 =	\$
C Child care center rent (lessor)	Rental market value	\$ _____	
	Minus rent shown on lease agreement	\$ _____	
	Total child care center credit		\$
	Total of column 4		\$
	Add any credit carried forward from a previous year		
	Total EDZI credit (enter on Line 38 (c), page 2)		\$

Schedule A - COST OF GOODS SOLD (See specific instructions for Line 2.)

1 Inventory at beginning of year (if different from last year's closing inventory, attach explanation)		
2 Purchases \$ _____		
Minus cost of items withdrawn for personal use \$ _____	Enter result here →	
3 Cost of Labor		
4 Material and supplies		
5 Other costs (attach statement)		
6 Total of lines 1 through 5		
7 Inventory at end of year		
8 Cost of goods sold (Line 6 minus Line 7). Enter here and on Line 2, page 1 of this form		
Method of inventory valuation used _____		

Schedule B - CONTRIBUTIONS OR GIFTS (See specific instructions for Line 18.)

	\$		\$
		TOTAL (Subject to 15% limit – enter also on Line 18, page 1)	\$

Schedule C - TAXES (See specific instructions for Line 16.)

Type of Tax	Amount	Type of Tax	Amount
	\$		\$
TOTAL (Enter on Line 16, page 1 of this form, that portion of the total not included below in Schedule D)			\$

Schedule D - INCOME FROM RENT

Col. 1 Address of Property	Col. 2 Kind of Property	Col. 3 Gross Amount of Rent	Col. 4 Depreciation or Depletion (Per Federal Form 4562)	Col. 5 Repairs (Explain in Sch. D-1)	Col. 6 Taxes, Interest and other Expenses (Explain in Sch. D-1)
1.		\$	\$	\$	\$
2.					
3.					
4.					
5.					
6.					
7. TOTAL (Enter the total of Col. 3 on Line 6, page 1)		\$	\$	\$	\$
8. TOTAL OF COLUMNS 4, 5, and 6 (Enter also on Line 14, page 1)					\$

Schedule D-1 - Explanation of deductions claimed in Columns 5 and 6 of Schedule D

Column No.	Explanation	Amount	Column No.	Explanation	Amount
		\$			\$

Schedule E - INTEREST EXPENSE (See specific instructions for Line 17.)

Name and Address of Payee	Amount	Name and Address of Payee	Amount
	\$		\$
TOTAL (Enter on Line 17, page 1, that portion of the total not included in Schedule D.)			\$

Schedule F - D.C. APPORTIONMENT FACTOR (See Specific Instructions – Carry all factors to six decimal places)

	Col. 1 TOTAL	Col. 2 IN D.C.	Col. 3 FACTOR (Column 2 divided by Column 1)
1. PROPERTY FACTOR: Average value of real estate and tangible personal property owned by or rented to the unincorporated business and used by that business	\$	\$	
2. PAYROLL FACTOR: Total compensation paid or accrued by the unincorporated business	\$	\$	
3. SALES FACTOR: All gross receipts of the unincorporated business, other than receipts from items of non-business income	\$	\$	
4. SUM OF FACTORS: (Add Column 3)			
5. D.C. APPORTIONMENT FACTOR - Divide Line 4 by the number 3, or 3 reduced by the number of factors without a denominator.			

Schedule G - OTHER ALLOWABLE DEDUCTIONS (See specific instructions for Line 21)

Nature of Deduction	Amount
	\$
TOTAL (Enter also on Line 21, page 1)	\$

Schedule H - INCOME NOT REPORTED (Claimed as Nontaxable)
(See Instructions on page 7)

Nature of Income	Amount
	\$
TOTAL	\$

Schedule I - BALANCE SHEET (See page 7 of Instructions)

	BEGINNING OF TAX YEAR		END OF TAX YEAR	
	AMOUNT	TOTAL	AMOUNT	TOTAL
ASSETS	1. Cash			
	2. Trade notes and accounts receivable			
	(a) MINUS: Allowance for bad debts			
	3. Inventories			
	4. Gov't obligations: (a) U.S. and its instrumentalities			
	(b) States, subdivisions thereof, etc			
	5. Other current assets (attach statement)			
	6. Mortgage and real estate loans			
	7. Other investments			
	8. Buildings and other fixed depreciable assets			
	(a) MINUS: Accumulated depreciation			
	9. Depletable assets			
	(a) MINUS: Accumulated depletion			
10. Land (net of any amortization)				
11. Intangible assets (amortizable only)				
(a) MINUS: Accumulated amortization				
12. Other assets (attach statement)				
13. TOTAL ASSETS				
Liabilities - Capital	14. Accounts payable			
	15. Mortgages, notes, bonds payable in less than 1 year			
	16. Other current liabilities (attach statement)			
	17. Mortgages, notes, bonds payable in 1 year or more			
	18. Other liabilities (attach statement)			
	19. Capital			
	20. TOTAL LIABILITIES AND CAPITAL			

Schedule J - DISTRIBUTION AND RECONCILIATION OF NET INCOME (OR LOSS)

Col. 1		Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
Name and Address of Owner(s)	Social Security Number	Percentage of Time Devoted to this Business	Percentage of Ownership	Salary Claimed	Exemption Claimed	Net Loss D.C. Sources	Net Income (or Loss) from Outside D.C.	Total Income (or Loss) Not Taxable to the Unincorporated Business (Add Cols. 4 thru 7)
		%	%	\$	\$	\$	\$	\$
TOTAL				\$	\$	\$	\$	\$
Col. 4 - See page 7 of Instructions				Enter total taxable income as shown on Line 34 of return				
Col. 5 - See page 7 of Instructions								
Col. 6 - Amount from Line 31 of return				Net income of Unincorporated Business from both within and outside the District (from Line 23 of return)				\$
Col. 7 - Enter the difference between Line 23 and Line 31 of return								

SUPPLEMENTAL INFORMATION (See page 7 of instructions)

1. During 2001, has the Internal Revenue Service made or proposed any adjustments in your federal income tax returns, or did you file any amended returns with the Internal Revenue Service? Yes No. If "Yes", submit separately an amended D-30 and a detailed statement to the Office of Tax and Revenue, P.O.Box 610, Washington, D.C. 20044-0610.

2. PRINCIPAL BUSINESS ACTIVITY

3. DATE BUSINESS BEGAN

4. IF BUSINESS HAS TERMINATED, STATE REASON

5. TERMINATION DATE

6. TYPE OF OWNERSHIP (sole proprietor, partnership, etc.)

7. Place where federal income tax return for period covered by this return was filed:

8. Name(s) under which federal return for period covered by this return was filed:

9. Have you filed annual Federal Information Returns, (forms 1096 and 1099) pertaining to compensation payments for 2001? Yes No If no, please state reason:

10. Is this return reported on the accrual basis? Yes No If no, check method used: Cash basis Other (specify) _____

11. Did you withhold D.C. income tax from the wages of your employees during 2001? Yes No If no, state reason: _____

12. Did you file a franchise tax return for the business with the District of Columbia for the year 2000? Yes No If no, state reason: _____
If yes, enter name under which return was filed: _____

13. Does this return include income from more than one business conducted by the taxpayer? Yes No (If yes, list businesses and net income (loss) of each) _____

14. Is the income from any other business or business interest owned by the proprietors of this business being reported in a separate return? Yes No (If yes, list names and addresses of these businesses) _____

15. Is this business an adjunct of a corporation, or affiliated with any corporation? Yes No (If yes, explain affiliation to stockholders and proprietors) _____

16. Did you file a 2001 D.C. Arena Fee Return? Yes No

Net Operating Loss Deduction For Loss Year Prior to 2000

Complete a separate Schedule NOL for each unincorporated business that is carrying forward an NOL.

Name of unincorporated business	FEIN -
---------------------------------	-----------

Year	District net income/loss	Losses used	Losses remaining
Oldest loss year			
Subsequent year 1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
2001 Summary:		Total losses used	Total losses remaining (to be carried forward)

★★★ Government of the District of Columbia
Office of the Chief Financial Officer
Office of Tax and Revenue

**FR-128 : 2001 Extension of
Time to File D.C. Franchise
or Partnership Return**



011280310000

FEDERAL EMPLOYER I.D. NUMBER

SOC. SEC. NO. (IF SELF-EMPLOYED)

OFFICIAL USE:

BUSINESS NAME

TAXABLE YEAR ENDING

MAILING ADDRESS LINE #1

MAILING ADDRESS LINE #2

CITY

STATE

ZIP + 4

Submit this form along with your payment of any tax due as shown on Line 6 below.

1. A 6-month extension of time to file until _____ 15, 2002, for the calendar year 2001, or a 6-month extension of time to file until _____, for a fiscal year ending _____, is hereby requested to file the following District of Columbia return (check one):
- Corporation Franchise Tax Return, Form D-20 Unincorporated Business Franchise Tax Return, Form D-30 Partnership Return of Income, Form D-65

ENTER DOLLAR AMOUNTS ONLY

- | | | | | |
|---|----|--|--|--|
| 2. TOTAL TAX LIABILITY FOR THE PERIOD | \$ | | | |
| 3. ESTIMATED FRANCHISE TAX PAYMENTS (Include any overpayment credit) | \$ | | | |
| 4. OTHER PAYMENTS | \$ | | | |
| 5. TOTAL PAYMENTS AND CREDITS (Add Lines 3 and 4) | \$ | | | |
| 6. BALANCE DUE (Line 2 minus Line 5). <u>Payment in full</u> must be submitted with this form or your request will be denied. (Note: You will be subject to the failure-to-pay penalty and interest on any amount of tax due and not paid with this request). | \$ | | | |

INSTRUCTIONS

PURPOSE - Form FR-128 must be used to request a 6-month extension of time in which to file a Corporation Franchise Tax Return (Form D-20), an Unincorporated Business Franchise Tax Return (Form D-30), or a Partnership Return of Income (Form D-65).

WHEN TO FILE - The request for an extension of time to file must be submitted on or before the due date of the return.

WHERE TO SUBMIT REQUEST - Mail the completed FR-128 with your payment of any tax due to the Office of Tax and Revenue, 6th Floor, 941 North Capitol St., N.E. Washington, D.C. 20002. Be sure to sign and date the FR-128. Your payment should be made out to the D.C. Treasurer. On the payment you should include your Federal Employer Identification Number, FR-128 (or SSN), and the tax year.

REQUEST FOR EXTENSION OF TIME - A 6-month extension of time will be granted if you complete this form properly, file it on time and PAY with it the amount of tax due shown on Line 6. **A copy of the FR-128 which you filed must be attached to your return when the return is filed.** A separate extension request must be submitted for each return. Blanket requests for extensions will not be granted.

FEDERAL EXTENSION FORMS - The Office of Tax and Revenue does not accept copies of the federal application for an extension of time to file. **YOU MUST USE ONLY FORM FR-128.**

ADDITIONAL EXTENSION OF TIME - No additional extension of time to file will be granted beyond the 6-month extension unless the taxpayer is outside the continental limits of the United States. In this instance an additional extension of 6 months may be granted.

PENALTIES - The penalty for the failure to file a return on time or the failure to pay any tax when due is 5% of the unpaid portion of the tax due. The penalty is computed for each month, or fraction thereof, that the failure to file or pay continues. The penalty may not exceed 25% of the tax due.

INTEREST - Interest at the rate of .0355921 percent per day (13 percent per year) must be paid on any tax not paid on time. Interest is computed from the due date of the return until the tax is paid even if a request for an extension of time to file is granted.

SIGNATURE- The request must be signed by the following:

- **CORPORATION**
Any designated or authorized officer of the corporation.
- **UNINCORPORATED BUSINESS**
Any owner or member of the unincorporated business.
- **PARTNERSHIP**
Any member of the partnership.
- **PAID PREPARER** must sign and provide the necessary identification numbers.

NOTE: If receivers, trustees in bankruptcy, or assignees are in control of the property or business of the organization, such receivers, trustees, or assignees must sign the request.

